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Innis Community Health Center, Inc.
Annual Financial Statements
Years ended October 31, 2008 and 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/20/09

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Table of Contents

Page

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS	1 - 2
------------------------------------------------------	-------

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3 - 4
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------

Basic Financial Statements

Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 14

Supplementary Information

Schedule of Functional Expense	15
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Information Required by OMB Circular A-133

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	16 - 17
Schedule of Expenditures of Federal Awards	18
Schedule of Findings & Questioned Costs	19 - 20
Schedule of Prior Year Findings & Questioned Costs	21

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Innis Community Health Center, Inc.

I have audited the accompanying statement of financial position of Innis Community Health Center, Inc. (a nonprofit organization) as of October 31, 2008, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Innis Community Health Center's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Innis Community Health Center, Inc. as of October 31, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 27, 2009 on my consideration of Innis Community Health Center's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Innis Community Health Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. Additionally, the schedule of functional expense on page 15, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

W. Kathleen Beard, CPA

April 27, 2009

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Innis Community Health Center, Inc.

I have audited the financial statements of Innis Community Health Center, Inc. (a nonprofit organization) as of and for the year ended October 31, 2008, and have issued my report thereon dated April 27, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting –

In planning and performing my audit, I considered Innis Community Health Center, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Innis Community Health Center, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organizations internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential

will not be prevented or detected by the organization's internal control. I consider the deficiencies described in the accompanying schedule of findings and responses referred to as Finding 2008-1 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, I consider the significant deficiency described above, to be a material weakness.

Compliance –

As part of obtaining reasonable assurance about whether Innis Community Health Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Innis Community Health Center, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Innis Community Health Center, Inc.'s response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the management, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

W. Kathleen Beard, CPA

April 27, 2009

Basic Financial Statements

Innis Community Health Center, Inc.
Statements of Financial Position
October 31, 2008 and 2007

	2008	2007
Assets:		
Current Assets:		
Cash and cash equivalents -		
Unrestricted	\$379,899	\$430,555
Restricted	30,000	36,927
Patient accounts receivable (net)	499,461	371,499
Grant funds receivable	34,902	22,389
Other receivables	3,213	-
Prepaid expenses	17,301	24,865
Total Current Assets	964,775	1,006,234
Non-current Assets:		
Investments	60,000	120,000
Property and equipment (net of accumulated depreciation)	499,363	465,985
Total Non-current Assets	559,363	585,985
Total Assets	\$ 1,524,138	\$ 1,472,219
Liabilities and Net Assets:		
Current Liabilities:		
Accounts Payable	\$43,987	\$63,305
Payroll liabilities	3,747	3,191
Accrued salaries	59,486	48,286
Compensated absences payable	32,815	47,327
Refundable advances	-	36,927
Due to Pointe Coupee General Hospital	3,000	1,000
Current portion long-term debt	-	15,540
Total Current Liabilities	143,035	215,574
Long-Term Liabilities		
Note Payable	-	36,920
Total Long-Term Liabilities	-	36,920
Total Liabilities	143,035	252,494
Net Assets:		
Unrestricted	1,351,103	1,219,725
Temporarily restricted	30,000	-
Total Net Assets	1,381,103	1,219,725
Total Liabilities & Net Assets	\$1,524,138	\$1,472,219

The accompanying notes are an integral part of these financial statements.

Innis Community Health Center, Inc.
Statements of Activities
For the years ended October 31, 2008 and 2007

	2008	2007
Changes in Unrestricted Net Assets		
Revenues, Gains and Other Support		
Net patient service revenue	\$ 1,425,476	\$ 1,206,557
Community care case management fees	30,333	29,733
Patient settlement revenue	33,792	14,520
Wellcare revenue	5,136	6,444
Other revenue	17,760	32,835
Federal financial assistance	1,118,287	1,098,092
Other grants and contributions	215,964	156,462
Investment income	12,697	12,885
Total revenues, gains and other support	<u>2,859,446</u>	<u>2,557,527</u>
Net assets released from restrictions	-	-
Total unrestricted revenues, gains and support	<u>2,859,446</u>	<u>2,557,527</u>
Expenses		
Program services -		
Medical	1,308,793	1,004,904
Dental	376,858	183,920
Supporting services -		
Management & general	771,183	741,997
Total expenses	<u>2,456,834</u>	<u>1,930,821</u>
Loss from uncollectible accounts receivable	271,234	185,097
Total expenses and losses	<u>2,728,068</u>	<u>2,115,918</u>
Increase in unrestricted net assets	131,378	441,609
Changes in Temporarily Restricted Net Assets		
Contributions	30,000	-
Net assets released from restrictions	-	-
Increase in temporarily restricted net assets	<u>30,000</u>	<u>-</u>
Increase in Net Assets	161,378	441,609
Net Assets, Beginning of Year	<u>1,219,725</u>	<u>778,116</u>
Net Assets, End of Year	<u><u>\$1,381,103</u></u>	<u><u>\$1,219,725</u></u>

The accompanying notes are an integral part of these financial statements.

Innis Community Health Center, Inc.
Statements of Cash Flow
For the years ended October 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from patients and third party payors	\$1,110,688	\$1,038,039
Cash received from grants and contributions	1,314,812	1,114,971
Cash received from earnings on short term investments	12,697	12,885
Cash payments to employees	(1,423,524)	(1,050,447)
Cash payments to suppliers	(935,199)	(837,118)
Cash provided by (used by) operating activities	<u>79,473</u>	<u>278,330</u>
Cash flows from investing activities:		
Purchase of property and equipment	(144,596)	(223,532)
Purchase of long-term treasury bills	-	(105,504)
Redemption of long-term treasury bills	-	156,270
Purchase of long-term Certificates of Deposit	-	(120,000)
Redemption of long-term Certificates of Deposit	60,000	-
Cash (used for) investing activities	<u>(84,596)</u>	<u>(292,766)</u>
Cash flows from financing activities:		
Proceeds from note payable	0	65,125
Principal payments on note payable	(52,460)	(12,665)
Cash (used by) financing activities	<u>(52,460)</u>	<u>52,460</u>
Net Increase (Decrease) in Cash	(57,583)	38,023
Cash and cash equivalents, Beginning of Year	<u>467,482</u>	<u>429,459</u>
Cash and cash equivalents, End of Year	<u><u>\$409,899</u></u>	<u><u>\$467,482</u></u>
Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities:		
Change in Net Assets	\$ 161,378	\$ 441,609
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,494	47,242
(Increase) Decrease in:		
Accounts receivables (net of allowance account)	(127,962)	(66,952)
Other receivables	(3,213)	1,378
Grant funds receivable	(12,513)	(22,389)
Prepaid expenses	7,564	(10,570)
Increase (Decrease) in:		
Accounts payable	17,408	(28,742)
Payroll liabilities	557	1,630
Accrued salaries	11,200	20,676
Compensated absences payable	(14,512)	12,946
Refundable advances	(36,927)	(117,194)
Due to Pointe Coupee General	2,000	(1,303)
	<u>\$ 79,473</u>	<u>\$ 278,330</u>

Interest Paid \$1,405

The accompanying notes are an integral part of these financial statements

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2008 and 2007

INTRODUCTION

The Innis Community Health Center, Inc. "the Innis Health Center" was incorporated as a Louisiana nonprofit corporation in 1999, operations began in June 2001. The Innis Health Center is located in the northern part of Pointe Coupee Parish in the Village of Innis, Louisiana. A satellite clinic opened in Livonia, Louisiana in November 2005.

The mission of Innis Health Center is to provide primary healthcare services to area communities in need of preventive and affordable health care in a prudent and efficient manner, with a caring attitude, regardless of ability to pay. The vision of the Center is, through community collaboration and partnership, to develop and promote supportive healthcare services to all people who are medically underserved, in order that they may experience all the rights, privileges and responsibilities as members of this community.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements of Innis Health Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Comparative financial information - The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended October 31, 2007 from which the summarized information was derived.

Cash and cash equivalents - For purposes of the Statements of Cash Flows, the Innis Health Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes to the valuation allowance have not been material to the financial statements.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2008 and 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Contributions or Grants – Approximately 39% of the Center's funding is provided from grants from the U. S. Department of Health and Human Services.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Expense allocation – Directly identifiable expenses are charged to programs and support services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

Income tax status - Innis Health Center is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code.

Sliding Scale Adjustments – Innis Health Center provides medical services to patients who qualify under federal guidelines and other corporate policies of the organization at fees less than established rates. These adjustments are deducted from the amount of fees for services presented in the statement of activities.

Property and equipment - All acquisitions of property and equipment in excess of \$500 and all expenditures that materially increase values, change capabilities, or extend useful lives of assets are capitalized. Routine maintenance, repairs and minor equipment replacement costs are charged against operations.

Property and equipment are carried at cost. Donated property and equipment are carried at approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Useful lives, generally 3 to 10 years, are assigned as recommended in the American Hospital Association publication *Estimated Useful Lives of Depreciable Hospital Assets*, revised 1998 edition.

Other revenue - Other revenue is derived from services other than providing health care services to patients. These primarily include Medicaid community care fees, fees for providing medical records, fees for performing billing services for other clinics and Medicaid and Medicare adjustments.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2008 and 2007

B. NET PATIENT RECEIVABLES

Innis Community Health Center extends credit to patients as well as to third-party intermediaries responsible for medical services provided to patients. In many cases, the amount collected is less than the amount billed. Accordingly, the receivable balance has been reduced to the amount considered collectible by Innis Community Health Center's management, which is approximately 65% and 74%, respectively.

Receivables for patient services are reported net of allowances for doubtful accounts. At October 31, 2008 and 2007 the balances of accounts receivable and the allowance accounts were as follows:

	2008	2007
Patient receivables	\$ 773,198	\$ 500,502
Allowance for uncollectible accounts	<u>(273,737)</u>	<u>(129,003)</u>
Net Patient receivables	<u>\$ 499,461</u>	<u>\$ 371,499</u>

C. NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered.

Net patient service revenue consisted of the following components during the years ended October 31, 2008 and October 31, 2007:

	2008	2007
Gross patient revenues	\$ 2,435,201	\$ 2,106,966
Less: Contractual adjustments	(577,221)	(495,179)
Less: Sliding scale adjustments	<u>(432,504)</u>	<u>(405,230)</u>
Net patient revenue	<u>\$ 1,425,476</u>	<u>\$ 1,206,557</u>

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2008 and 2007

D. INVESTMENTS

The Center held investments in Certificates of Deposit totaling \$60,000 and \$120,000 at October 31, 2008 and 2007, respectively. The Certificates of Deposit have original maturity dates of seven months, with penalties for early withdrawal. The investments are carried at cost, which approximates market.

E. CONCENTRATIONS OF CREDIT RISK

The Center maintains its cash balances at two banks located in the parish. Accounts at each institution are insured by Federal Deposit Insurance Corporation up to \$250,000. At October 31, 2009, the Center's uninsured cash balances totaled \$215,218.

E. PROPERTY AND EQUIPMENT

Property and equipment activity is summarized as follows as of October 31, 2008 and 2007:

	10/31/2008	10/31/2007
Innis Clinic:		
Office equipment	\$ 71,417	\$ 66,163
Medical equipment	32,120	31,607
Dental equipment	45,254	39,654
Dental equipment - Mobile van	7,831	-
Vehicles	19,345	19,345
Mobile dental van	179,028	175,000
Office Building	39,402	38,552
Helipad	32,027	-
Leasehold improvement	91,737	85,657
Total Innis	518,161	455,979
Livonia Clinic:		
Office equipment	30,158	28,444
Medical equipment	47,863	46,104
Office Building	50,525	50,525
Leasehold improvements	64,420	51,562
Total Livonia	192,966	176,634
School Based Health Clinic:		
Office equipment	12,068	2,623
Medical equipment	21,173	1,261
	33,241	3,884
Total Assets	744,367	636,497
Less: Accum depreciation	(245,005)	(170,511)
	<u>\$ 499,363</u>	<u>\$ 465,985</u>

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2008 and 2007

F. REFUNDABLE ADVANCES

A grant was received from Operation USA through the Louisiana Primary Care Association in the amount of \$70,500. The objectives of this grant are to:

- Increase affordable, quality access mental health prevention, diagnostic and treatment services for families and children;
- Provide at least 1 full-time licensed clinical social worker and part-time psychologists/psychiatrists;
- Improve collaboration with mental health care providers in the Greater Baton Rouge area within the grantee's approved scope of project, and;
- Increase capacity to provide for more mental health patient visits in clinic sites.

During the fiscal year ending October 31, 2007 qualifying expenses were incurred in the amount of \$33,573, consequently, the remaining amount of unexpended grant funds in the amount of \$36,927 was classified as a liability in the statement of financial position to reflect the future obligation to provide services imposed by the award. During the fiscal year ending October 31, 2008, the funds were expended in total.

G. FEDERAL FINANCIAL ASSISTANCE

The Center has been awarded a grant from the U. S. Department of Health and Human Services to provide family-oriented primary and preventative health care services for people living in rural and urban medically underserved communities and those where economic, geographic or cultural barriers limit access to those services for a substantial portion of the population. The grant is considered an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended October 31, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Refundable advances, beginning of year	\$ -	\$ (83,620)
Grant receivable, beginning of year	-	-
Grant receipts	<u>(1,118,287)</u>	<u>(1,014,472)</u>
Grant expenditures	<u>1,118,287</u>	<u>1,098,092</u>
Refundable advances, end of year	<u>\$ -</u>	<u>\$ -</u>
Grant receivable, end of year	<u>\$ -</u>	<u>\$ -</u>

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2008 and 2007

H. STATE GRANTS

The Innis Community Health Center entered into a cost reimbursement contract with the Louisiana Department of Health and Hospitals, Office of Public Health, Adolescent School Health Program to provide comprehensive primary care and preventive services to students at Pointe Coupee Central High School for the period of July 1, 2007 through June 30, 2008. The maximum amount awarded under this contract is \$140,000. Subsequently the Center was awarded a grant for the period of July 1, 2008 through June 30, 2009, in the amount of \$140,000. A receivable of \$ 34,902 was reported in the financial statements which represents qualifying costs incurred by the Center during the months of September and October 2008.

I. NOTE PAYABLE

On July 19, 2007 Innis Community Health Center borrowed funds from Louisiana Rural Health Services Corporation to finance a mobile dental van. \$65,125 was borrowed with an interest rate of 5.50%. During the fiscal year ended October 31, 2008 the loan was paid off.

J. POINTE COUPEE GENERAL HOSPITAL

Pointe Coupee General Hospital provided interest free funding to Innis Health Center in the initial stages of development and continues to rent facilities to the Center. Innis Health Center maintains a separate and independent governing body, executive director and staff. As of October 31, 2008 and October 31, 2007 the amount due to Pointe Coupee General Hospital was \$3,000 and \$1,000 respectively.

K. OPERATING LEASES

Operating Leases - Innis Health Center leases equipment and facilities under operating leases. Total rental expense in 2008 and 2007 was \$22,039 and \$19,855, respectively.

On July 1, 2001 Innis Health Center entered into a lease agreement with Pointe Coupee Health Service District #1, for the rental of facility space with payments of \$1,000 per month for a term of 5 years. Either party can terminate the lease in writing, the lease has been extended indefinitely.

Innis Health Center leases four copy machines with monthly lease payments of \$381 per month and other equipment with varying monthly rental payments depending on usage.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2008 and 2007

L. TAX DEFERRED ANNUITY PLAN

Innis Health Center participates in a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may participate in the employer contribution plan when hired. This is a plan whereby employees make their own, before tax contributions to the plan, and can either increase, decrease or stop their contributions at any time. Employees may contribute to the plan up to the maximum amount allowed by the Internal Revenue code if they wish. There is no match by the Innis Community Health Center in the Section 403(b) tax deferred annuity plan. Employees may take their contributions to the 403(b) tax deferred annuity plan upon resignation, termination, etc.

Innis Health Center also participates in an employer contribution plan (Pension Plan). Employees hired after July 1, 2003 are entitled to participate in the employer contribution plan upon completion of one year of service working for the Clinic. Employees are vested after 3 years of employment, and may take the employer's contributions to their plan upon resignation, termination, etc. The clinic contributes on behalf of employees at a rate of 2% to 3% of gross salary. Employees receive 3% contributions upon 5 full years of service for the Clinic. The Clinic's contribution for 2008 and 2007 was \$19,714 and \$13,917, respectively.

M. CONTINGENCIES

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against Innis Health Center for disallowed costs or noncompliance with grantor restrictions. No provision was made for any liabilities that may arise for such audits since the amounts, if any, cannot be terminated at this date.

N. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following specific program services:

Purpose Restrictions:	
Purchase of a van	\$30,000
	<u>=====</u>

Supplementary Information

Innis Community Health Center, Inc.
Schedule of Functional Expense
For the year ended October 31, 2008 and 2007

	Program Services		Supporting Services	2008	2007
	Medical	Dental	Management & General	Total	Total
Employee compensation and benefits	\$ 920,280	\$ 252,604	\$ 495,361	\$ 1,668,245	\$ 1,221,729
Occupancy and other rents	36,527	17,414	56,082	110,023	83,268
Billing and information systems	-	-	47,561	47,561	36,848
Purchased services	191,739	-	23,797	215,535	275,839
Supplies	112,531	61,975	40,521	215,028	136,300
Depreciation	20,561	37,050	16,883	74,494	47,242
Insurance	6,949	7,815	7,260	22,023	24,281
Travel, education and training	6,482	-	29,102	35,584	38,516
License and fees	-	-	9,122	9,122	7,406
Dues and subscriptions	-	-	22,682	22,682	17,471
Meetings expense	-	-	20,528	20,528	22,447
Medical records	-	-	13,724	13,724	14,334
Interest expense	-	1,405	-	1,405	1,143
Other	-	-	879	879	3,998
	<u>\$ 1,295,068</u>	<u>\$ 378,263</u>	<u>\$ 783,502</u>	<u>\$ 2,456,834</u>	<u>\$ 1,930,821</u>
Total expenses					

Information Required By OMB Circular A-133

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Innis Community Health Center, Inc.
Innis, Louisiana

I have audited the compliance of Innis Community Health Center, Inc. (a nonprofit organization) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended October 31, 2008. Innis Community Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Innis Community Health Center's management. My responsibility is to express an opinion on Innis Community Health Center's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Innis Community Health Center's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Innis Community Health Center's compliance with those requirements.

In my opinion, Innis Community Health Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2008.

Internal Control over Compliance

The management of Innis Community Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Innis Community Health Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Innis Community Health Center's internal control over compliance.

A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

W. Kathleen Beard, CPA

April 27, 2009

Innis Community Health Center, Inc.
Schedule of Expenditures of Federal Awards
For the years ended October 31, 2008 and 2007

Federal Grantor	Federal CFDA Number	Federal Expenditures 2008	2007
U. S. Department of Health and Human Services			
Health Center Cluster	93.224	<u>\$ 1,118,287</u>	<u>\$ 1,098,092</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Innis Community Health Center, Inc.. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basis financial statements.

Reconciliation with basic financial statements:

Grant Budget Period	Award Date	Award Number	Grant Award	Drawdowns 2008	Drawdowns 2007
Drawdowns -					
Mar. 1, 2006 - Feb. 28, 2007	3/1/2006	6H80CS0055-04-00	<u>\$ 909,375</u>		\$ 314,784
Mar. 1, 2007 - Feb. 28, 2008	2/20/2007	5H80CS00855-05-00	\$ 1,057,875		
Mar. 1, 2007 - Feb. 28, 2008	5/10/2007	6H80CS00855-05-01	83,620		
Mar. 1, 2007 - Feb. 28, 2008	5/21/2007	6H80CS00855-05-02	15,000		
Mar. 1, 2007 - Feb. 28, 2008	8/29/2007	6H80CS00855-05-03	-		
Mar. 1, 2007 - Feb. 28, 2008	10/4/2007	6H80CS00855-05-04	-		
			<u>\$ 1,156,495</u>	373,187	699,688
Mar. 1, 2008 - Feb. 28, 2009	2/15/2008	5H80CS00855-06-00	\$ 1,072,875		
Mar. 1, 2008 - Feb. 28, 2009	3/27/2008	6H80CS00855-06-02	2,340		
			<u>\$ 1,075,215</u>	745,100	
Total Drawdowns				<u>1,118,287</u>	<u>1,014,472</u>
Accruals -					
Prior Year unobligated balance re-programmed				-	83,620
Grant revenue recognized				<u>\$ 1,118,287</u>	<u>\$ 1,098,092</u>

**Innis Community Health Center, Inc.
Summary Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2008**

I have audited the basic financial statements of Innis Community Health Center, Inc., as of and for the year ended October 31, 2008, and have issued my report thereon dated April 27, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133. My audit of the financial statements as of October 31, 2008 resulted in an unqualified opinion.

Section I – Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Other Conditions ☐ Yes ☒ No

Compliance

Compliance Material to the Financial Statements ☐ Yes ☒ No

Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Type of Opinion on Compliance For Major Programs

Unqualified ☒ Qualified ☐ Disclaimer ☐ Adverse ☐

The programs tested as major programs included:

U. S. Department of Health and Human Services – Health Center Cluster CFDA # 93.224

The threshold for distinguishing Type A and B programs was \$300,000.

Innis Community Health Center, Inc. was determined to be a low-risk auditee.

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? ☐ Yes ☒ No

Was a management letter issued? ☐ Yes ☒ No

Innis Community Health Center, Inc.
Summary Schedule of Findings and Questioned Costs (Continued)
For the Year Ended October 31, 2008

Section II – Financial Statement Findings

Finding 2008-1

Misappropriation of Funds

Condition: It was discovered that cash totaling \$6,287.16 was taken by an employee during the period beginning May 29, 2008 through February 27, 2009. The employee stole bank deposits comprised of cash payments collected from patients at the Livonia clinic. The matter was turned over to local law enforcement which resulted in the person making a full confession. Formal charges have been filed.

Cause: Although controls for cash receipts were strong in the collection, documentation and recording aspects of the process, procedures were lacking in the accountability for deposits taken to the financial institution, for obtaining deposit receipts and subsequent deposit receipt retention and reconciliation procedures.

Recommendation: Extend existing controls to include procedures for completing the banking process and documenting personnel responsible for daily banking. Include comprehensive review of monthly bank reconciliations including investigation of uncleared deposits.

Corrective Action Plan (Managements' Response): Management engaged a financial consultant to evaluate internal control over cash receipts at the Livonia clinic. Based on their findings, management instituted several new policies and procedures for handling cash receipts from point of collection through deposit at the bank and reconciliation of bank accounts. Restrictions on personnel authorized to perform banking and documentation of personnel performing banking has been included in the process. Review of monthly bank reconciliations will be included as part of the review of monthly financial statements.

Section III – Federal Award Findings and Questioned Costs

No Findings

Section IV – Management Letter

No management letter issued

**Innis Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended October 31, 2008**

Section I – Summary of Auditor's Reports

No Findings

Section II – Financial Statement Findings

No Findings

Section III – Federal Award Findings and Questioned Costs

No Findings

No management letter issued.